



MISSISSIPPI DEPARTMENT *of* EMPLOYMENT SECURITY

OFFICE OF THE GOVERNOR

LES RANGE

EXECUTIVE DIRECTOR

Financial Audit Findings

February 10, 2010

Office of the State Auditor
State of Mississippi
P.O. Box 956
Jackson, MS 39205-0956

Dear Mr. Pickering:

The Mississippi Department of Employment Security appreciates this opportunity to submit responses to the financial audit findings for the year ended June 30, 2009 for Enterprise Fund 8191.

Audit Findings:

Finding 2009-14 – Controls Should Be Strengthened to Ensure Accounting Records and GAAP Reporting Packages are Properly Prepared

Response: MDES accepts this finding and agrees that strengthened controls and supervisory review are necessary to fairly present the financial position of MDES for each fiscal year end. Unemployment Insurance (UI) Trust Fund accounting has now moved to the Business Management Department under the Office of Comptroller to centralize the financial responsibilities of the agency.

Corrective Action Plan:

- A. In September, 2009 the employees responsible for UI Trust Fund accounting moved from the Tax Department to the Business Management Department. Proper training and supervisory reviews are being developed to ensure accounting events or transactions are recorded in the accounting records. Controls for proper preparation of the GAAP reporting package include training for UI Trust Fund Unit staff, the Business Manager and contract staff and development of a review process by supervisory personnel.

- B. Contacts - Erin Landrum - UI Trust Fund Accounting Manager, Guy Martin - Business Manager, and Jackie Turner – Director, Office of Comptroller.
- C. Currently in place.
- D. N/A

Finding 2009-15 – State Funds Should Be Adequately Collateralized

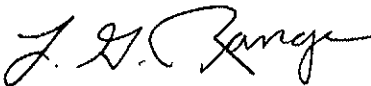
Response: MDES accepts this finding. This was noted by the audit staff in February, 2009, corrected by MDES staff and has not been an issue since that time.

Collateralization of the accounts is a priority with MDES. The UI Trust Fund accounting manager will periodically review collateral and will ensure MDES UI and Workforce Enhancement Training (WET) Fund Holding accounts are properly collateralized.

Corrective Action Plan:

- A. All accounts except the WET Fund Holding Account will be collateralized at 110% as required by law. The WET Fund Holding Account will be collateralized at 105% since it is not an unemployment insurance account. The daily bank balances spreadsheet will be retained by staff for audit purposes and reviewed by supervisory personnel. Collateral statements will be secured from each depository on a monthly basis, retained by staff, and available for audit purposes for a reasonable period after the close of the year.
- B. Contacts – Erin Landrum - UI Trust Fund Accounting Manager, Guy Martin - Business Manager, and Jackie Turner – Director, Office of Comptroller.
- C. Currently in place.
- D. N/A

Sincerely,



Mr. Les Range
Executive Director

LR: jt